

Roadway Pricing Considerations

The topic of roadway pricing continues to emerge in the national and local news as a potential solution to traffic congestion. Part of the appeal of pricing is that it holds promise as a tool with many potential benefits, including revenue production, reduced congestion, demand management and environmental goals such as reduced carbon emissions.

In Washington State, the 2008 Legislature will consider a statewide tolling policy, providing broad direction on how pricing can be implemented. It is based largely on the Comprehensive Tolling Study completed by the Transportation Commission. Additionally, the SR 520 finance plan, which assumes pricing in as a funding source, will be delivered to the Legislature. It is possible that the 2009 Legislature will provide authorization to toll specific corridors, possibly including SR 520, I-405, the Alaskan Way Viaduct, I-5 and the Columbia River Crossing in Vancouver.

Roadway pricing is not just a state issue. The Regional Transportation Commission's 2006 report identified tolling as an essential tool for the region's transportation future, noting that "Tolling has the virtue of managing demand for transportation as well as generating revenue."¹

Policy choices must be made soon to ensure success. The Tacoma Narrows Bridge opened in July with electronic toll collection, and the SR 167 HOT lane is scheduled to open this spring. PSRC, WSDOT, King County and the City of Seattle are investigating projects to achieve transportation and environmental benefits, with several preparing for public discussion in the next year.

Further understanding and analysis of the various tolling-related issues will be valuable in the development of these policy, program and project decisions currently before us. That's why the four agencies have joined together - to investigate the issues highlighted in this paper and to create a common vision to guide near- and mid-term decision making, as well as PSRC's *2010 Update to Destination 2030*, the regional transportation plan.

The purpose of this paper is to ensure we have identified the correct topics and to better understand the implications of various pricing decisions. The goal is to ensure that we are working on the right issues that will assist in both short and long term success in improving our transportation system. .

1. Pricing should provide measurable user benefits

The Washington State Transportation Commission's Comprehensive Toll Study (2006) recommends that pricing should be used to pay for high-cost/high-need projects and/or to optimize transportation system efficiency. Given that the

¹ RTC Findings and Recommendations, 2006, p. 8

application of pricing may provide different benefits to different users, more work should be done to identify, understand, and measure the benefits which may result for various users.

- a. How do we measure and define the benefits of pricing to freight, transit, HOV, and SOV users?
- b. What effect will different pricing scenarios have on diversion, transportation demand, and land use?

2. We should understand effects of pricing on the transportation system and how to encourage system performance

There may be different long- and short-term effects of pricing depending upon approach. We know that individual project decisions will affect the overall system, but to understand what those effects will be, we need better capability to model various scenarios and assess the results.

- a. Will pricing reduce travel demand?
- b. Will pricing improve the efficiency of the transportation system?
- c. Transit, telecommuting, technology

3. We need to understand how pricing structures can affect societal, environmental and land use decisions

Pricing will affect more than just the transportation system, and we should better understand the spectrum of benefits and trade-offs, including the effect on greenhouse gas emissions freight and the economy.

- a. What are the environmental, transportation, and economic benefits that can be achieved by pricing?
- b. Can pricing work in concert with transit to reduce greenhouse gas emissions

4. Geographic, income, social and equity must be considered

The Commission's toll study notes that pricing should be fairly and equitably applied. If the region is moving toward a system-wide strategy of pricing, how do economic, geographic and social equity issues balance out? National experience and local research indicates that HOT lanes are supported across income groups because they are optional. We need to better understand environmental justice implications of full-corridor pricing – such as that being considered for SR 520 – and if there are reasonable alternatives or exemptions that may be offered.

5. There should be a forum for regional input into pricing

Both the Commission's toll study and the draft tolling bill name the Commission as the statewide tolling authority, and WSDOT as the implementation agency. The

legislature has also provided tolling authority to RTID and other Transportation Benefit Districts.

Other agencies may have interests in policy or project issues. For example, PSRC has responsibility for long-range transportation planning. King County operates a transit system, and the City of Seattle is considering a downtown mobility project that could include tolling. The Regional Transportation Commission recommended a regional role and authority in transportation funding and decision-making.²

- a. How is regional input considered by the statewide pricing authority?
- b. What other governance models exist around the country and could they be useful here?

6. Ensuring effective long-term system-wide operations

We need to ensure that short-term decisions and projects don't preclude longer-range congestion relief strategies. Questions to be considered include the following:

- a. What short-term investments would make the most sense?
- b. How could the various types of pricing work individually and together as a system:
 - i. Bridges, for example, Tacoma Narrows
 - ii. HOT/express toll (single) lane, such as SR 167 HOT lanes pilot project
 - iii. HOT/express toll lanes, as is operated on I-15 in San Diego
 - iv. Full corridor/route, such as Trans Texas
 - v. Area, such as city center, similar to London or Stockholm

7. Privacy protections must be adequate

Privacy protections are critical for public support of electronic toll collection systems. We need to determine if the existing legal protections are adequate and who may or may not have access to toll data.

8. Different finance approaches have different implications for projects

There are a host of factors in the public finance realm that will influence how projects are priced and managed. Determining who bears the risks, the relative merits of debt financing versus pay-as-you-go, and the trade-offs of cash-flow versus timely project completion are among the issues to be sorted out.

² RTC, p. 12

9. Public understanding, awareness and acceptance is needed

There is still much work to be done to develop public awareness and acceptance of pricing as a congestion management tool that could provide user benefits. Work should occur that will help determine current public awareness and what strategies move people from awareness to acceptance.

- a. How should pricing be talked about and explained?

10. Toll rate implications

The Commission's recommendations state that system performance and revenue generation should be considered in determining tolls. Different rate structures will have different outcomes that may affect use. For example, tolls that vary by demand might be best for a HOT lane, but could encourage diversion if applied on a fully-tolled corridor because the price could be too unpredictable for motorists to make informed decisions. Understanding how rates will affect motorist behavior, revenue collections and other factors is critical.

- a. What are the key factors in setting the tolling rate?

11. Integrating current and future toll collection and enforcement strategies is critical for interoperability over time.

Interoperability is a key recommendation of the Commission's report, as is equity and fairness. Cashless tolling must be easy to use, regardless of which route a motorist travels or type of toll is being collected. As technology continues to improve and change, and the use of pricing expands on a project-by-project basis and across jurisdictions, we need to provide seamless use for motorists to ensure on-going public acceptance. Understanding the new and emerging technologies should inform decision-making. The public also expects that enforcement will be fair.

12. Define and clarify how and when toll revenues can be used.

The commission recommends that revenues be used for to improve, preserve or operate the transportation system. More detailed work should be conducted to define revenue uses and distribution.

- a. To what extent should toll revenues be required or eligible to pay for incident response, active traffic management, transportation demand management and supplemental transit operations that increase the efficiency of a tolled facility?
- b. Should toll revenues continue to be raised after the repayment of construction bonds to support maintenance, operations, support congestion management and raise funds for the next generation of investments?
- c. What legal issues may preclude sharing toll revenues across agencies and/or modes?